Social Questions

BULLETIN

of the Methodist Federation for Social Service (unofficial), an organization which rejects the method of the struggle for profit as the economic base for society; which seeks to replace it with social-economic planning in order to develop a society without class distinctions and privileges.

VOLUME 30 | MAY, 1940 | NUMBER 5

A Planned Economy

The most commonly accepted description of what ails our economic order assumes (1) that an economic order to work well must create purchasing power equal in value to the goods and services produced; (2) that when there accrues to any part of the people an amount of money which they do not care to spend for consumer's goods, *either* they must invest it where it will be used for plant expansion and so go back into circulation as wages, *or* their retention of it will result in unemployment and industrial crisis; (3) that the time came in the 1920's when savings were accumulating much faster than they could be invested in production, and the depression of the 1930's followed inevitably; and (4) that the way out of the depression will not be found by trying to go back to the methods of the 1920's but by finding ways to force idle savings into productive channels.

Prophets of plenty talk of a national income of one hundred billions. But Dr. Lachlan Currie of the Federal Reserve Board says that such an income would make it necessary to find a productive outlet for nineteen billions of savings, whereas the amount of new investment needed by business has seldom exceeded eight billions a year in the past twenty years.

IS THERE A WAY OUT?

Dr. Alvin Hansen, professor of economics at Harvard University, recently outlined three possibilities in solving the surplus savings puzzle: (1) New industries requiring many billions of capital. There is no capital in sight. (2) Tremendous programs of housing and other public works development. (3) A rearrangement of the distribution of the national income, creation of more purchasing power and a decrease in profits and savings.

It is our purpose here to suggest various possibilities in the way of a planned economy. The heart of the philosophy of economic planning is this: The people have the capacity to consume enormously more of almost every category of product than they can now afford to buy. The demand is here; the resources of production are here. The conclusion is that demand and resources must be brought together by means of planning. What individualism patently cannot do, must nevertheless be done. The sacred cow of individualism must not nullify the capacities and resources of men. Economic planning within a modified profit system, or if that proves impossible, outside the capitalist system, is a necessity of modern society.

THE CHURCH AND PLANNING

Economic planning has time and again been demanded by Christian groups on the pragmatic ground of the failure of individualism to serve human need. It would be pointless to enlarge greatly on this point, but it may be worth while to select a few utterances.

The Social Ideals of the Churches, adopted by the Federal Council of Churches of Christ in America, in 1932, and subsequently adopted by the Methodist Episcopal Church, South, declared: "We believe in social planning and control of credit and monetary systems and economic processes for the common good."

At the 1939 Uniting Conference of Methodism this paragraph was deleted from the report on the Social Creed as adopted by that body. At the subsequent session of the California Annual Conference the social planning paragraph was restored in the Social Creed of that Conference.

The Colorado Conference, at its 1939 session, declared: "Nothing less than social-economic planning will be able to put the idle capital, machines, mines, farms, factories and men back to work to produce and distribute the common needs of life or to furnish the cultural opportunities we might enjoy."

The California Conference in 1932 advocated "the replacement of our present unplanned competitive individualism by a planned industrial economy definitely aiming at the assurance of complete security for every willing and able-bodied worker." In 1933 this proposal was adopted again in the same words, and the principle reaffirmed in 1935.

A PLANNED DEMOCRACY

Dr. Harry Laidler, in the *Socialist Review*, July-August 1938, states: "The chief problem before the American people is how to evolve to a system of social planning which will be thoroughly democratic in all of its many ramifications. . . . The old individualism is a thing of the past. Our planned semi-monopolized system is leading to increasing insecurity. Some form of social planning is essential to bring about a secure and abundant civilization. That planning should be democratic if freedom and the finest development of personality, and not merely economic security, are to be our social goals."

Dr. Laidler believes that "any comprehensive system of planning for the common good, a planning based on the full utilization of the human and mechanical equipment at the disposal of society and the equitable distribution of the products of industry among the masses of the

people, is impossible without social ownership of the chief and essential industries of the nation."

The Methodist Federation for Social Service, in its "Statement of Purpose" declares:

"The Christian religion compels us to reject the method of the struggle for profit as the economic base for society. The substitute must be the method of social-economic planning under democratic control, with its social ownership of all things necessary to its successful operation, as the method by which the Christian principle of service and the development of personality can be progressively realized."

While many people hold the belief that economic planning without social ownership is severely handicapped, there are also many who believe that progress in the application of social planning can be made within the framework of capitalism. Are we not then being realistic when we consider the various possibilities?

PLANNING UNDER DICTATORSHIP

Italian fascism presents some aspects of planned economic life. But in Italy large scale industry is not very important, and small scale industry is very difficult to plan. G. D. H. Cole concludes that Italy remains largely a planless economy.

"In Germany," says Cole, "military necessity more potently than economic theory has dictated the economic planning. Consequently the planning is not based on normal consumptive demand or need, but on war needs. Nowhere has fascist planning pointed to 'the best utilization of the technical resources of production in the service of the common man'."

In the Soviet Union planning, thorough-going in extent, has had to deal necessarily with situations so diverse from those in our country, that one doubts the wisdom of discussing it in this brief space, except to note that its purpose has been primarily that of utilizing all the economic resources of the nation to serve human need. A secondary purpose has obviously been to strengthen the country in a military sense.

PLANNING UNDER CAPITALISM

The socialists, technocrats and a great many others propose a degree of planning which would completely replace capitalism in major industries. However, there are more modest proposals which may commend themselves to the American people. Some of these proposals, which are brought forward with notable backing, are as follows.

SIMULTANEOUS ACTION

Stuart Chase in *Government in Business*, quoting Arthur H. Adams, consulting engineer, to the effect that a 35% increase in purchasing power would be required for normal operation of business life, states that such an increase can be achieved by private business only by all employers acting simultaneously, without chiseling. The probabilities of this require no comment.

PRICE REDUCTION

The Brookings Institution Study of Income and Economic Progress concluded, after examining the causes of the depression and a number of proposed remedies, that "the broad highway along which continued economic progress must be sought is the avenue of price reduction." The study does not suggest how this pill can be made palatable. The Brookings Institution does not take into account thorough economic planning.

PUBLIC WORKS AND RELIEF

What private business cannot do must be done by the people. Public spending will re-employ the unemployed, and will at the same time provide the increase in purchasing power which will create effective demand and stimulate the expansion of private business. If this process is on a large enough scale the unemployed will be reabsorbed and the national income raised high enough to carry the necessary tax burden to pay the costs of the relief and works program. This proposal has been the chief reliance of the New Deal, which has lacked, however, the determination to prosecute it consistently on a large enough scale to test it out.

MONOPOLY CURBS

A program calculated to curb monopolies and to protect and extend genuine competition has been urged by laissez-faire economists. This is to be achieved through enforcement of anti-trust laws, reform of tariffs and patent laws, restoration of flexible prices, revision of government subsidies, extension of public competition and encouragement of consumer cooperation. The investigation being made by the Temporary National Economic Committee, as well as the current prosecutions of illegal combinations in the building and other trades by the Department of Justice, are a part of this program. Will the administration carry this program through?

SAVINGS

Another plan, proposed by the President last summer, but not pushed, is that advocated by the Seven Harvard and Tufts Economists in their "*Economic Program for American Democracy.*" It attempts to solve the problem of needed industrial expansion by forcing savings into production. The government is by various inducements to bribe private savings to enter the field of production. If this fails, the government would borrow the savings and invest them in production. This would be futile unless done on a very large scale.

THE INDUSTRIAL EXPANSION ACT

The proposal which seems to be the most commendable is that of a planned and concerted expansion of production, employment and purchasing power in all basic industries simultaneously. (This plan has been set forth by Dr. Mordecai Ezekiel, economist, in his books "$2500 a Year" and "Jobs For All.") In the form in which this proposal was introduced by the Hon. Kent Keller of Illinois (H.R. 7480), it is supported by such economists as Henry Pratt Fairchild, Paul H. Douglas, and W. Jett Lauck, as well as Dr. Ezekiel.

The gist of the plan is this:

(a) An Industrial Reconstruction Commission shall administer the plan, with the help of a National Planning Board.

(b) Every industry so designated by the Commission shall set up an "industry council," equally representative

of ownership, labor and the public. The industry council shall draw up a tentative schedule of increased production, employment and payrolls, based on the general index of expansion given them by the Commission. They shall draw up a schedule of needed plant expansion, increased use of raw materials, et cetera.

(c) Every such tentative schedule shall be forwarded to the Commission, and open hearings shall be held, giving opportunity for alteration of the plan. Then all industry plans shall be coördinated and adjusted to make a consistent, balanced plan for industrial expansion for the nation for that one year.

(d) A small percentage of the production program in each industry shall be reserved for new enterprises which may desire to enter the field.

(e) At the end of any production year, any unsold surplus of goods may be sold by the producers to a government corporation at a rate determined by the cost of efficient production.

(f) Production and employment shall be expanded first in existing establishments of high efficiency and low production costs, and new and more efficient establishments constructed as needed.

(g) The ultimate objective of the plan is full employment of all available workers, achieved by the balanced increase of employment, payrolls and production.

(h) The interests of the public in general will be served by the public's representatives on the industry councils, and by the People's Counsel, who shall be independent of the Commission and the Planning Board.

(i) By licensing power the federal government may compel the cooperation of any industry engaging in interstate commerce whenever such industry is deemed essential to the success of the plan.

The mal-distribution of the value of the product of industry which today results in an excess of savings and a deficiency in purchasing power, will be revised under this plan so as to limit profits and to increase buying power. This will be done through the wage and employment policies in which labor will have a voice equal to that of ownership, and in which the balance will be held by the planning agency.

It is not possible in such brief compass to discuss the numerous safeguards embodied in this proposal. The interested reader should write to his Congressman for a copy of H.R. 7480. It is apparent that the success of such a plan would depend upon the good faith of the administrators. It may be doubted whether the country can be made ready for such a plan before another serious down-swing of the pendulum of business occurs.

CAN WE PLAN?

All the above proposals can be put into effect without destroying capitalism. The industrial expansion plan would very seriously limit capitalism, placing production under quotas, and putting wage and employment policies under joint control.

Several years ago Henry Pratt Fairchild, economist, wrote that apparently the profit system can be kept in balance only by spreading out the profits very thin. The Ezekiel plan would probably do this.

The regimentation question is an inevitable one when we consider planning. But we are already under regimentation. The jobless are regimented by hunger, red tape and scorn. It is plain that economic planning means the loss of some individual liberty to some people, but the increase, also, of some other liberties. It is regimentation of the same sort as that imposed by a zoning ordinance which forbids the erection of a cow barn or a glue factory in certain urban areas. The important question is whether the losses are offset by gains. Certainly any planning program will have to be studied carefully, and all liberties which can be preserved must be preserved.

WHAT ARE THE PROSPECTS?

The New Deal has dallied with all the main lines of recovery proposals without having the resolution to carry any of them through to a conclusive test. It may be that another terrific crash, reproducing the psychology of 1932-33, will be needed before anything fundamentally sound can be done. In the meantime it is the job of intelligent citizens to study the problem, remembering that the lawmakers are usually less competent in controversial fields than the well-informed citizen. *It is up to us to create opinion.*

National need in an emergency, either of war or increasing economic stringency, could in a very short time bring about a planned and closely controlled economy in our nation. The patterns are already at hand.

The question confronting us is not whether or not we are going to have a planned economy, but whether the control will be in the hands of the Morgans, or in the hands of democratically responsive agents of the people. Today we still have the power to guide the change toward democratic goals. Will we use the chance that is ours?

SUGGESTED READINGS

Articles by Stuart Chase, on the findings of the Temporary National Economic Committee, Harpers Magazine, February and March, 1940. (You may wish to check these articles against those of Raymond Moley running recently in the *Saturday Evening Post.*)

Income and Progress—A Brookings Institution Study (165 pages, with charts), by Moulton, published by the National Home Library Foundation, Washington, D. C. Price 25c.

$2500 a Year and *Jobs for All,* by Mordecai Ezekiel, Knopf. Price $2.00. (Presents Industrial Expansion Plan.)

An Economic Program for American Democracy, by Seven Harvard and Tufts Economists, Vanguard. Price $1.00. (Presents the case for the expansion of investments by the government in order to do the work idle savings fail to do.)

The Government in Business, by Stuart Chase, Macmillan. Price $2.00.

Principles of Economic Planning, by G. D. H. Cole.

Practical Economics, Pelican Books. Price 25c.

—Rev. Don M. Chase.

General Conference News

Bishop Francis J. McConnell read "The Address of the Council of Bishops to the General Conference of the Methodist Church" at Atlantic City, New Jersey, from which the following excerpts are taken:

"It is rightly expected that an address to the General Conference shall at least glance at the economic situation of the day. Here we note with gratification that the most widely discussed current standard by which men are more and more coming to judge industrial and commercial processes is that of the effect in aiding or thwarting the best results in human life. . . .

"The first . . . test asked of the industrial organization is: Does the system produce enough? That is to say, enough within reach of the total purchasing power of the people. . . . A Christian society can make the demand, and insist that industrial leadership meet the need, through scientific mastery of the problem. . . .

"We are thankful for some gains through the terrible depression: the acceptance by society of the duty of caring for the unemployed, and the acceptance too of the duty of caring for those who have come to old age . . . The Church itself is under obligation to do all it can toward finding employment especially for its young people. . . .

"Our unemployment plight . . . is our most urgent economic difficulty, to be solved ultimately by some forms of social control which we do not pretend now to foresee."

Charles C. Webber was invited by the General Conference Committee on the State of the Church, under the chairmanship of Ernest Fremont Tittle, to serve as a resource person for its subcommittee on economic and political issues. Rev. Loyd Worley of New Haven, Conn., is the chairman of this committee.

The committee, on April 26th, voted 8 to 3 in favor of the Troy Conference Memorial calling for the addition to the Social Creed of this statement: "The Methodist Church stands for social planning and democratic control of the economic processes for the common good."

Methodist Youth and Mr. Dies

The Commission on Entertainment of the General Conference, in promoting programs "in the interests of the laymen of the Methodist Church," secured Martin Dies to speak in Atlantic City on Saturday afternoon, April 27.

Methodist youth, upon arriving in that city to attend their rally on the evening of the 27th, demanded a protest action, whereupon a one-page mimeographed statement was prepared by Herman Will, Jr., of Chicago, President of the National Council of Methodist Youth; George Houser and Frank Littell of Union Theological Seminary; Richard T. Baker, Methodist Board of Foreign Missions, and several others.

Before they were stopped by the police they distributed the statement to some of the persons going into the Dies meeting.

This protest read in part:

"An Unofficial Statement from Methodist Youth Visiting the General Conference.

"Being young, we have no delegated voice in the General Conference of the Methodist Church. But we are not too young to let a glaring evil go without protest.

"As Methodist youth, we profoundly regret the action of the program committee which through its invitation to Congressman Martin Dies seems to endorse his record as a member of the greatest legislative body in the world, the United States Congress.

"Please understand, we do not oppose Mr. Dies' right to speak. He has this right, just as we have the right to oppose what he says. We do oppose what Mr. Dies has said and the action of the program committee, and our consciences would not be clear if we let his appearance under Methodist auspices go without protest. To bring Mr. Dies before the Methodists is to throw support to a man who has brought shame and dishonor to those things which we as Americans and Christians have been taught to hold dear. . . .

"Mr. Dies' committee has become the mouthpiece of disgruntled individuals who wish to use its avenues of publicity to smear their enemies. It persecutes for opinion.

"Mr. Dies has chosen witnesses who obviously have axes to grind. He has entered their allegations as pure fact, has not given opportunities for legal defense, has condemned individuals by association, has demanded to know how individuals have voted, whereas the secret ballot is part of our democratic structure.

"We are world Christians, we Methodists, and it is most regrettable that our program committee has given the floor to a man whose whole political career is scarred by attitudes so fundamentally opposed to the ecumenical aspects of the Christian community."

Change of Policy

Due to the fact that the M.F.S.S. wanted its constituency to have the Social Questions Bulletin, it has been very lenient in continuing to send the Bulletin after subscriptions have expired. Now, however, due to lack of funds this policy must be discontinued. Renew promptly!

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issued monthly, except July and August. The general policies of this publication are determined by the Executive Committee of the Methodist Federation for Social Service, subject to approval by the National Committee of the Federation. The selection of topics and material is committed to the Secretaries who are responsible to the Federation and to the public for its accuracy.

Membership $1.00 per year
Special rate to student groups.

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The METHODIST FEDERATION *for* SOCIAL SERVICE
150 Fifth Avenue, New York City

Entered as second-class matter January 21, 1919, at the Postoffice at New York, N. Y., under Act of August 24, 1912.

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